

SENATE BUDGET COMMITTEE
DEMOCRATIC CAUCUS
KENT CONRAD, RANKING MEMBER

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**STATEMENT BY SENATE BUDGET COMMITTEE
RANKING MEMBER KENT CONRAD (D-ND) ON NEW
CBO DEFICIT ESTIMATES TO BE RELEASED TUESDAY**

Tomorrow, the Congressional Budget Office (CBO) will release its latest estimates of the federal deficit and the budget outlook for the years ahead. It is clear that these estimates will provide yet more evidence of the nation's fiscal deterioration under the irresponsible tax cut and spending policies of the Bush administration.

Unlike the Bush administration estimates released in July, which provided only five years of estimates, the CBO update will show deficit estimates for the full ten-year budget window. While the short-term figures will be disturbing, confirming that we will face the largest deficits in our nation's history for at least 2003 and 2004, it is the long-term figures CBO will provide that should be the focus of our greatest concern.

The chronic deficits the Bush policies are creating for these outyears will occur at exactly the same time that the baby boom generation will begin to retire, putting an unsustainable strain on Social Security and Medicare, and severely weakening our ability to meet the needs of the nation. The debt burden being created by these deficits will further harm the economy by raising interest rates, crowding out private sector investment, and slowing long-term economic growth. We may already be seeing the first signs of this with the rise of long-term mortgage interest rates over the last few weeks.

It is important to note that, while grim enough on their own, CBO's baseline deficit estimates, showing where we will stand with no further policy changes, will significantly understate how bad our long-term budget outlook will be if we continue to follow the President's fiscal policies. At a minimum, a more accurate assessment would need to add in the cost of making the 2001 and 2003 tax cuts permanent, as the President has advocated, and establishing a Medicare prescription drug benefit, as the President has supported. CBO plans to include these figures separately in its update.

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